REFERENCE TITLE: real estate department; appraisers

State of Arizona House of Representatives Forty-eighth Legislature Second Regular Session 2008

HB 2774

Introduced by
Representatives Meza, Pancrazi: Ableser, Alvarez, Bradley, Crandall,
DeSimone, Gallardo, Kavanagh, Lujan, Sinema, Thrasher, Senator McCune
Davis

AN ACT

CHANGING THE DESIGNATION OF TITLE 32, CHAPTER 36, ARIZONA REVISED STATUTES, TO "APPRAISERS"; AMENDING SECTIONS 32-3601, 32-3605, 32-3607, 32-3609, 32-3611, 32-3613, 32-3614, 32-3615, 32-3617, 32-3618, 32-3619, 32-3620, 32-3621, 32-3622, 32-3625, 32-3626, 32-3627, 32-3628, 32-3631, 32-3632, 32-3635, 32-3637, 32-3638, 32-3639, 32-3651, 32-3652, 32-3653, 32-3654, 32-3655 AND 41-1092, ARIZONA REVISED STATUTES; AMENDING TITLE 32, CHAPTER 36, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 32-3608; REPEALING SECTIONS 32-3604, 32-3606 AND 32-3608, ARIZONA REVISED STATUTES; RELATING TO APPRAISERS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

- j -

Be it enacted by the Legislature of the State of Arizona:

Section 1. Heading change

The chapter heading of title 32, chapter 36, Arizona Revised Statutes, is changed from "STATE BOARD OF APPRAISAL" to "APPRAISERS".

Sec. 2. Section 32-3601, Arizona Revised Statutes, is amended to read: 32-3601. <u>Definitions</u>

In this chapter, unless the context otherwise requires:

- 1. "Appraisal" or "real estate appraisal" means a statement independently and impartially prepared by an individual setting forth an opinion as to the market value of real property as of a specific date and supported by the presentation and analysis of relevant market information.
- 2. "Appraisal assignment" means an engagement for which a real estate appraiser is employed or retained to act, or would be perceived by third parties or the public in acting, as a disinterested third party in rendering an unbiased analysis, opinion or conclusion relating to the nature, quality, value or utility of specified interests in or aspects of identified real estate.
- 3. "Appraisal foundation" means the appraisal foundation incorporated as an Illinois not-for-profit corporation on November 30, 1987.
- 4. "Appraisal report" means any communication, written or oral, of an appraisal.
- 5. "Appraisal review" means the act of reviewing or the report that follows a review of an appraisal assignment or appraisal report in which a real estate appraiser forms an opinion as to the adequacy and appropriateness of the report being reviewed.
- 6. "Appraisal standards board" means the appraisal standards board appointed by the board of trustees of the appraisal foundation to develop, interpret and amend the uniform standards of professional appraisal practice.
- 7. "Appraisal subcommittee" means the subcommittee of the federal financial institutions examination council created pursuant to 12 United States Code section 3310 and chapter 34A, as amended.
- 8. "Appraiser qualifications board" means the appraiser qualifications board appointed by the board of trustees of the appraisal foundation to establish the minimum education, experience and examination requirements for real estate appraisers.
 - 9. "Board" means the state board of appraisal.
- 10. 9. "Complex one to four residential units" means property that is atypical for the marketplace. Atypical factors may include architectural style, age of improvements, size of improvements, size of lot, neighborhood land use, potential environmental hazard liability, leasehold interests, limited readily available comparable sales data or other unusual factors.
- 11. 10. "Course approval" means the act of the board DEPARTMENT reviewing course materials to form an opinion as to the adequacy and appropriateness of the course for licensing pursuant to section 32-3613, certification pursuant to section 32-3614 and continuing education as

- 1 -

prescribed in section 32-3625 in accordance with the appraiser qualifications board and this chapter.

- 11. "DEPARTMENT" MEANS THE STATE REAL ESTATE DEPARTMENT.
- 12. "Federal financial institutions examination council" means that agency of the federal government created pursuant to 12 United States Code chapters 34 and 34A, as amended.
- 13. "Federally related transaction" means any real estate related financial transaction that a federal financial institution's regulatory agency or the resolution trust corporation engages in, contracts for or regulates and that requires an appraisal.
- 14. "Property tax agent" means an individual who is designated by a person or is an employee of an entity designated as an agent pursuant to section 42-16001, who acts on behalf of a person who owns, controls or possesses property valued by a county assessor and who receives a fee for the analysis of any matter relating to the review of the valuation of the person's property before the assessor. Property tax agent does not include a person who is admitted to practice law in this state, an employee of the person owning, controlling or possessing the property or an employee of an entity designated pursuant to section 42-16001, if the employee is performing a secretarial, clerical or administrative support function.
- 15. "Real estate" means an identified parcel or tract of land, including improvements, if any.
- 16. "Real estate related financial transaction" means any transaction involving the sale, lease, purchase, investment in or exchange of real property, including interests in property or the financing of property, the refinancing of real property or interests in real property and the use of real property or interests in property as security for a loan or investment including mortgage-backed securities.
- 17. "Real property" means one or more defined interests, benefits and rights inherent in the ownership of real estate.
- 18. "Review appraiser" means a person who engages in the activity of reviewing and evaluating the appraisal work of others from the perspective of an appraiser, generally for compensation as a separate skill. This includes the function of reviewing an appraisal report or a file memorandum setting forth the results of the review process.
- 19. "Standards of professional appraisal practice" means the uniform standards of professional appraisal practice adopted by the $\frac{board}{DEPARTMENT}$.
- 20. "State licensed or state certified appraiser" means a person who develops and communicates appraisals and who holds a current, valid license or certificate issued to him under the provisions of this chapter.
- 21. "Value" means the monetary relationship between properties and those who buy, sell or use those properties.

Sec. 3. Repeal

Section 32-3604, Arizona Revised Statutes, is repealed.

- 2 -

- Sec. 4. Section 32-3605, Arizona Revised Statutes, is amended to read: 32-3605. <u>State real estate department: duties</u>
- A. The $\frac{\text{board}}{\text{DEPARTMENT}}$ shall adopt rules in aid or in furtherance of this chapter.
 - B. The state board of appraisal DEPARTMENT shall:
- 1. In prescribing standards of professional appraisal practice, adopt standards that at a minimum are equal to the standards prescribed by the appraisal standards board.
- 2. In prescribing criteria for certification, adopt criteria that at a minimum are equal to the minimum criteria for certification adopted by the appraiser qualifications board.
- 3. In prescribing criteria for licensing, adopt criteria that at a minimum are equal to the minimum criteria for licensing adopted by the appraiser qualifications board.
- 4. Further define by rule with respect to state licensed or state certified appraisers appropriate and reasonable educational experience, appraisal experience and equivalent experience that meets the statutory requirement of this chapter.
- 5. Establish the examination specifications for state certified appraisers, provide or procure appropriate examination questions and answers, administer examinations and establish procedures for grading examinations consistent with and equivalent to the criteria adopted by the appraiser qualifications board.
- 6. Establish the examination specifications for state licensed appraisers, provide or procure appropriate examination questions and answers, administer examinations and establish procedures for grading examinations consistent with and equivalent to the criteria adopted by the appraiser qualifications board.
- 7. Establish administrative procedures for approving or disapproving applications for licensure and certification and issuing licenses and certificates.
- 8. Define by rule, with respect to state licensed and certified appraisers, the continuing education requirements for the renewal of licenses or certificates that satisfy the statutory requirements provided in this chapter.
- 9. Periodically review the requirements for the development and communication of appraisals provided in this chapter and adopt rules explaining and interpreting the requirements.
- 10. Define and explain by rule each stage and step associated with the administrative procedures for the disciplinary process pursuant to this chapter including:
- (a) Prescribing minimum criteria for accepting a complaint against a licensed or certified appraiser.
- (b) Defining the process and procedures used in investigating the allegations of the complaint.

- 3 -

- (c) Defining the process and procedures used in hearings on the complaint, including a description of the rights of the board DEPARTMENT and any person who is alleged to have committed the violation.
- (d) Establishing criteria to be used in determining the appropriate actions for violations.
- 11. Communicate information that is useful to the public and appraisers relating to actions for violations.
- 12. Censure, suspend and revoke licenses and certificates pursuant to the disciplinary proceedings provided for in section 32-3631.
- 13. At least monthly transmit to the appraisal subcommittee a roster listing individuals who have received a state certificate or license in accordance with this chapter.
- 14. Report on the disposition of any matter referred by the appraisal subcommittee or any other federal agency or instrumentality or federally recognized entity reporting any action of a state licensed or state certified appraiser that is contrary to this chapter.
- 15. Make a determination and finding if there exists a scarcity of state certified or state licensed appraisers to perform appraisals in connection with federally related transactions in this state and issue resident temporary licenses and certificates pursuant to section 32-3626.
- 16. Transmit the national registry fee collected pursuant to section 32-3607 to the appraisal subcommittee.
- 17. Establish the fees in accordance with the limits established in section 32-3607.
- 18. Perform such other functions and duties as may be necessary to carry out this chapter.
- C. The board DEPARTMENT may employ an executive director and other personnel and designate their duties. The executive director shall serve at the pleasure of the board.
- D. The executive director shall not change or amend actions of the board.

Sec. 5. Repeal

Section 32-3606, Arizona Revised Statutes, is repealed.

Sec. 6. Section 32-3607, Arizona Revised Statutes, is amended to read: 32-3607. Fees

- A. The **board** DEPARTMENT shall charge and collect fees that are sufficient to fund the activities necessary to carry out this chapter. These include:
- 1. An application fee for licensure or certification of not more than four hundred dollars.
- 2. An application fee for a resident temporary license or certificate of not more than four hundred dollars.
 - 3. An examination fee of not more than one hundred dollars.
- 4. A fee for renewal of a license, certificate or resident temporary license or certificate of not more than four hundred twenty-five dollars.

- 4 -

- 5. A delinquent renewal fee in addition to the renewal fee of not more than twenty-five dollars.
- 6. A two year national registry fee of not to exceed the actual cost of twice the current annual national registry fee.
- 7. A nonresident temporary licensure or certification fee of not more than one hundred fifty dollars.
 - 8. A course approval fee of not more than five hundred dollars.
- B. If the appraisal subcommittee raises the national registry fee during the second year of a biennial license or certificate, state licensed and state certified appraisers shall pay the additional national registry fee on demand by the board DEPARTMENT. Failure to pay the additional fee within thirty days of notice by the board DEPARTMENT subjects the license or certificate holder to a penalty of twice the amount owed but not to exceed twenty dollars. The board DEPARTMENT shall not renew a license or certificate until all outstanding obligations of the license or certificate holder are paid.

Sec. 7. Repeal

Section 32-3608, Arizona Revised Statutes, is repealed.

Sec. 8. Title 32, chapter 36, article 1, Arizona Revised Statutes, is amended by adding a new section 32-3608, to read:

32-3608. Placement of monies collected

THE DEPARTMENT SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, ALL MONIES COLLECTED UNDER THIS CHAPTER IN THE STATE GENERAL FUND UNLESS OTHERWISE PRESCRIBED BY LAW.

Sec. 9. Section 32-3609, Arizona Revised Statutes, is amended to read: 32-3609. <u>Confidential records</u>

Except as otherwise provided by law, the following records are confidential:

- 1. Questions contained in any examination administered by or for the $\frac{\text{board}}{\text{board}}$ DEPARTMENT or in any examination submitted to the $\frac{\text{board}}{\text{board}}$ DEPARTMENT for course approval.
- 2. Questions asked and the answers of individual examinees, except that the board DEPARTMENT shall provide the grades of each examinee for public inspection and copying.
- 3. Appraisal reports or appraisal reviews and supporting documentation deemed confidential under the uniform standards of professional appraisal practice edition adopted by the **board** DEPARTMENT.
- 4. All documents associated with a complaint until the complaint is resolved.
- Sec. 10. Section 32-3611, Arizona Revised Statutes, is amended to read:

32-3611. <u>Licensure and certification process</u>

A. Applications for original licensure or certification, renewals and examinations shall be made in writing to the executive director DEPARTMENT on forms approved by the board DEPARTMENT.

- 5 -

- B. Appropriate fees, as fixed by the **board** DEPARTMENT pursuant to section 32-3607, shall accompany all applications for original licensure or certification, renewal and examination.
- C. At the time of filing an application for licensure or certification, each applicant shall sign a pledge to comply with the standards set forth in this chapter and shall state that the applicant understands the types of misconduct for which disciplinary proceedings may be initiated against a state licensed or state certified appraiser, as set forth in this chapter.
- D. Except as otherwise provided in this chapter, the executive director DEPARTMENT shall require such other proof and request such documents, through the application or otherwise, as the board DEPARTMENT deems necessary for the interests of the public and to verify the honesty, truthfulness, reputation and competency of the applicant and shall require that the applicant for licensure or certification:
- 1. Be at least eighteen years of age and a citizen of the United States or a qualified alien as defined in 8 United States Code section 1641.
- 2. Shall not have had a license or certificate denied pursuant to this chapter within one year immediately preceding the application.
- 3. Shall not have had a license or certificate revoked pursuant to this chapter within two years immediately preceding the application.
- 4. State whether or not the applicant has ever been convicted in a court of competent jurisdiction in this or any other state of a felony or of forgery, theft, extortion or conspiracy to defraud or any other crime involving dishonesty or moral turpitude.
- E. Applications for licensure or certification by persons who are charged or under indictment for fraud involving appraisal of real property may be denied pending final disposition of the charge or indictment. Upon final disposition, the board DEPARTMENT shall review the proceedings and act upon the application.
- Sec. 11. Section 32-3613, Arizona Revised Statutes, is amended to read:

32-3613. <u>Application and qualification requirements for issuance of license</u>

- A. An application for licensing and examination shall be made on forms as prescribed by the board DEPARTMENT and accompanied by the required fees.
- B. Those persons filing for licensing shall meet the minimum criteria for licensing established by the $\frac{\text{board}}{\text{DEPARTMENT}}$ under section 32-3605, subsection B, paragraph 3.
- C. No person may be a state licensed appraiser unless the person has achieved a passing grade on a suitable examination administered by the $\frac{\text{board}}{\text{DEPARTMENT}}$.

- 6 -

Sec. 12. Section 32-3614, Arizona Revised Statutes, is amended to read:

32-3614. <u>Application and qualification requirements for certification</u>

- A. An application for certification and examination shall be made on forms prescribed by the $\frac{\text{board}}{\text{board}}$ DEPARTMENT and accompanied by the required fees.
- B. Those persons filing for certification shall meet the minimum criteria for certification established by the board DEPARTMENT under section 32-3605, subsection B, paragraph 2 and section 32-3615.
- C. No person may be a state certified real estate appraiser unless the person has achieved a passing grade on a suitable examination administered by the $\frac{1}{2}$
- D. Persons presenting evidence showing successful completion of the requirements of this section shall be recognized as having met the qualifications as a state certified real estate appraiser.
- Sec. 13. Section 32-3615, Arizona Revised Statutes, is amended to read:

32-3615. Experience requirement for licensure or certification

- A. Each applicant for licensure or certification shall have experience that was acquired within ten years immediately preceding the filing of the application for licensure or certification.
- B. Each applicant for licensure or certification shall furnish under oath a detailed listing of the real estate or other appraisal reports, review reports or filed memoranda for each year for which experience is claimed by the applicant. On request, the applicant shall make available to the board DEPARTMENT for examination copies of appraisal reports which the applicant has prepared in the course of the applicant's appraisal experience.
- Sec. 14. Section 32-3617, Arizona Revised Statutes, is amended to read:

32-3617. Nonresident temporary licensure or certification

- A. Every applicant for nonresident temporary licensure or certification under this chapter who is not a resident of this state shall submit, with the application for nonresident temporary licensure or certification, an irrevocable consent that service of process on the applicant may be made by delivery of the process to the secretary of state if, in an action against the applicant in a court of this state arising out of the applicant's activities as a nonresident temporary state licensed or state certified appraiser, the plaintiff cannot effect, in the exercise of due diligence, personal service on the applicant.
- B. A nonresident of this state who has complied with subsection A may obtain a nonresident temporary license or certificate as a nonresident temporary state licensed or state certified appraiser by conforming to all of the requirements of this chapter relating to state licensed or state certified appraisers.

- 7 -

- C. A nonresident of this state who is licensed or certified in another state is entitled to nonresident temporary licensure or certification from the board DEPARTMENT, which shall be valid until the completion of each appraisal assignment but not for a period of more than one year from the date of issuance, if:
 - 1. The properties to be appraised are federally related.
- 2. The nonresident appraiser's business in this state is of a temporary nature.
- 3. The nonresident appraiser applies with the board DEPARTMENT on forms prepared by the board DEPARTMENT.
- 4. The nonresident appraiser pays the nonresident temporary licensure or certification fee required by the **board** DEPARTMENT.
- Sec. 15. Section 32-3618, Arizona Revised Statutes, is amended to read:

32-3618. Nonresident licensure or certification by reciprocity

If, in the determination of the board DEPARTMENT, another state is deemed to have substantially equivalent licensing or certification requirements and the board DEPARTMENT has entered into a reciprocity agreement with that state, an applicant who is licensed or certified under the laws of the other state may obtain a license or certificate as a state licensed or state certified appraiser in this state on such terms and conditions as may be determined by the board DEPARTMENT.

Sec. 16. Section 32-3619, Arizona Revised Statutes, is amended to read:

32-3619. Renewal of license or certificate; fees; military duty exception

- A. Except as otherwise provided in this section, to renew a license or certificate as a state licensed or state certified appraiser, the holder of a current, valid license or certificate shall make an application and pay the prescribed fee to the board DEPARTMENT not earlier than ninety days nor later than thirty days before the expiration date of the license or certificate then held. With the application for renewal, the state licensed or state certified appraiser shall present evidence in the form prescribed by the board DEPARTMENT of having completed the continuing education requirements for renewal specified in section 32-3625. The renewal application shall be mailed to the last known address of record not more than ninety days nor less than sixty days before the renewal date.
- B. The **board** DEPARTMENT may accept a renewal application after the expiration date and within ninety days of the date of expiration but shall assess a delinquent renewal fee in addition to the renewal fee.
- C. A person WHO IS deployed outside of the United States on active military duty with the United States armed forces and whose license or certificate has expired during such active military duty outside of the United States may file a renewal application within one hundred eighty days of returning home from active military duty and shall not be required to pay

- 8 -

a delinquent renewal fee. Evidence of the renewal applicant's dates and locations of deployment must be submitted with a renewal application filed under this subsection. In addition, the renewal applicant must provide evidence of completion of the continuing education requirements that the renewal applicant would have otherwise been required to meet during the period preceding the renewal application.

- D. An appraiser who fails to seek renewal within the time period specified in subsection A, B or C of this section must reapply for licensure or certification and meet all of the requirements of this chapter.
- E. An appraiser shall not engage in, advertise or purport to engage in real estate appraisal activity in this state after a license or certificate has expired and before the renewal of the expired license or certificate.
- F. Notwithstanding section 41-1092.11, a license or certificate expires on its expiration date.
- Sec. 17. Section 32-3620, Arizona Revised Statutes, is amended to read:

32-3620. Basis for denial of a license or certificate

- A. The **board** DEPARTMENT may deny the issuance of a license or certificate as a state licensed or state certified appraiser to an applicant who has been convicted of a felony or on any of the grounds prescribed in this chapter.
- B. To assist in determining whether grounds exist to deny the issuance of a license or certificate to an applicant, the board DEPARTMENT may require a criminal background check including the fingerprinting of every applicant for an original license and certificate. The criminal background check may be conducted pursuant to section 41-1750 or in any other manner deemed suitable by the board DEPARTMENT. The board DEPARTMENT may charge the cost of each criminal background check to the applicant.
- C. A person who is denied the issuance of a license or certificate may request, and if requested shall receive, a hearing in accordance with title 41, chapter 6, article 10.
- Sec. 18. Section 32-3621, Arizona Revised Statutes, is amended to read:

32-3621. Addresses; telephone numbers; notification of change

- A. Each state licensed or state certified appraiser shall advise the board DEPARTMENT of the address of the appraiser's principal place of business and all other addresses at which the appraiser is currently engaged in the business of preparing real property appraisal reports.
- B. Every state licensed or state certified appraiser shall notify the board DEPARTMENT of the appraiser's current residence address. Residence addresses on file with the board DEPARTMENT are exempt from disclosure as public records.
- C. Every state licensed or state certified appraiser shall provide a daytime telephone number to the **board** DEPARTMENT.

- 9 -

D. If a state licensed or state certified appraiser changes a place of business or residence or the appraiser's daytime telephone number, the appraiser shall give written notification of the change within ten days after the change to the board DEPARTMENT.

Sec. 19. Section 32-3622, Arizona Revised Statutes, is amended to read:

32-3622. <u>Licenses and certificates</u>

- A. A license or certificate issued under this chapter shall be signed on behalf of the board DEPARTMENT and shall bear the license or certificate number assigned by the board DEPARTMENT.
- B. Each state licensed or state certified appraiser shall place the appraiser's license or certificate number adjacent to or immediately below the title "state licensed appraiser" or "state certified appraiser" and the number shall be included in an appraisal report or in a contract or other instrument used by the license or certificate holder in conducting appraisal activities.
- Sec. 20. Section 32-3625, Arizona Revised Statutes, is amended to read:

32-3625. Continuing education

- A. As a prerequisite to renewal of a license or certificate, a state licensed or state certified appraiser shall present evidence satisfactory to the board DEPARTMENT of having met the continuing education requirements of either subsection B or C.
- B. The basic continuing education requirement for renewal of a license or certificate is the completion by the applicant, during the immediately preceding term of the license or certificate, of courses or seminars which are approved by the board DEPARTMENT.
- C. An applicant for relicensing or recertification may satisfy all or part of the continuing education requirements by presenting evidence of the following which shall be approved by the board DEPARTMENT:
- 1. Completion of an education program of study determined by the board DEPARTMENT to be equivalent, for continuing education purposes, to courses approved by the board DEPARTMENT pursuant to subsection B.
- 2. Participation other than as a student in educational processes and programs which are approved by the board DEPARTMENT and which relate to appropriate appraisal theory, practices or techniques, including teaching, program development and preparation of textbooks, monographs, articles and other instructional materials, not to exceed fifty per cent of an applicant's continuing education requirements and not for the same course in consecutive renewal periods.
- D. The **board** DEPARTMENT shall adopt rules to assure that persons renewing their licenses or certificates as state licensed or state certified appraisers follow practices and techniques which provide a high degree of service and protection to those members of the public with whom they deal in

- 10 -

the professional relationship under the authority of the license or certificate. The rules shall include the following:

- 1. Policies and procedures for obtaining $\frac{\text{board}}{\text{DEPARTMENT}}$ approval of courses and instruction pursuant to subsection B.
- 2. Standards, policies and procedures to be applied by the board DEPARTMENT in evaluating an applicant's claims of equivalency in accordance with subsection C.
- 3. Standards, monitoring methods and systems for recording attendance to be employed by course sponsors as a prerequisite to board DEPARTMENT approval of courses for credit.
- E. In adopting rules pursuant to subsection D, paragraph 1, the board DEPARTMENT shall give consideration to courses of instruction, seminars and other appropriate appraisal educational courses or programs previously or hereafter developed by or under the auspices of professional appraisal organizations and utilized by those associations for purposes of designation, or indicating compliance with the continuing education requirements of such organizations. No person who offers these courses may discriminate in the opportunity to participate in these courses on the basis of membership or nonmembership in an appraisal organization.
- F. No amendment or repeal of a rule adopted by the board DEPARTMENT pursuant to this section may operate to deprive a state licensed or state certified appraiser of credit toward renewal of a license or certificate for any course of instruction either completed by the applicant or enrolled in by the applicant before the amendment or repeal of the rule which would have qualified for continuing education credit under the rule as it existed before the repeal or amendment.
- G. A license or certificate as a state licensed or state certified appraiser that has been revoked as a result of disciplinary action by the board DEPARTMENT shall not be reinstated unless the applicant presents evidence of completion of the continuing education required by this chapter. This requirement of evidence of continuing education shall not be imposed on an applicant for reinstatement who has been required to successfully complete the examination for state licensed or state certified appraiser as a condition of reinstatement of a license or certificate.
- Sec. 21. Section 32-3626, Arizona Revised Statutes, is amended to read:

32-3626. <u>Scarcity determination; resident temporary licenses</u> and certificates; exemption

- A. No later than November 1 of each year, the **board** DEPARTMENT shall determine and make a finding whether there is a scarcity of state certified or state licensed appraisers in an area within the state to perform appraisals in federally related transactions.
- B. In determining whether a scarcity exists, the **board** DEPARTMENT shall follow procedures in accordance with the provisions governing scarcity

- 11 -

in 12 United States Code section 3348 and regulations adopted pursuant to that section as of September 30, 1992.

- C. If the **board** DEPARTMENT makes a finding of scarcity, within fifteen days after the finding, the **board** DEPARTMENT shall apply to the appropriate federal agency for a temporary waiver of the state certification or licensing requirements.
- D. If a waiver request has been approved by the federal agency authorized to issue waivers, the board DEPARTMENT may thereafter issue resident temporary licenses or certificates to applicants consistent with the reduction in application requirements of this chapter for licenses and certificates as authorized by the waiver. A resident temporary license or certificate shall be subject to all provisions of this chapter not inconsistent with the provisions of the waiver.
- E. A person obtaining a resident temporary license or certificate under this section is required to comply with all of the provisions of this chapter except for those provisions of this chapter for which a temporary waiver has been approved and shall indicate on all appraisals performed by the person that the appraisal is not an appraisal done by a state certified or state licensed appraiser and the person performing the appraisal is a resident temporary license or certificate holder. A person holding a resident temporary license or certificate may perform appraisals only in areas within the state where it has been determined by the board DEPARTMENT that a scarcity exists.
- F. The board DEPARTMENT is exempt from title 41, chapter 6, article 10 in making the determination and finding and in issuing resident temporary licenses and certificates in accordance with the waiver in subsection D of this section and section 32-3605, subsection B, paragraph 14.
- Sec. 22. Section 32-3627, Arizona Revised Statutes, is amended to read:

```
32-3627. <u>Inactive license or certificate status: reactivation application: renewal application and fee: continuing education</u>
```

- A. Any license or certificate holder may request that the license or certificate be placed on inactive status by filing with the board DEPARTMENT an application that includes all of the following:
 - 1. The license or certificate holder's name.
 - 2. The license or certificate number.
 - 3. A request for inactive status.
- B. The period a license or certificate is on inactive status under this section may not exceed two years.
- C. A license or certificate holder who is on inactive status shall not do either of the following:
- 1. Represent that the license or certificate holder is an active appraiser licensed or certified in this state.

- 12 -

- 2. Perform real estate appraisals or appraisal reviews on real estate in this state.
- D. A license or certificate holder on inactive status under this section must file with the board DEPARTMENT an application for reactivation of the license or certificate before resuming real estate appraisal activity.
- E. To return to active status, an inactive license or certificate holder shall do both of the following:
- 1. File with the $\frac{\text{board}}{\text{DEPARTMENT}}$ an application for reactivation of the license or certificate.
- 2. Provide evidence of completion of the required continuing education that the license or certificate holder would have been required to meet during the period when the license or certificate holder's license or certificate was on inactive status.
- F. If the holder of an inactive license or certificate under this section does not file an application for reactivation within a two year period, that person must reapply for licensure or certification pursuant to the requirements of this chapter.
- G. A license or certificate holder who is on inactive status pursuant to this section remains on inactive status until the $\frac{\text{board}}{\text{opproves}}$ DEPARTMENT approves the application for reactivation of the license or certificate.
- $\,$ H. The $\frac{\text{board}}{\text{board}}$ DEPARTMENT may take disciplinary or remedial action against a license or certificate holder who is on inactive status pursuant to this section.
- I. A license or certificate holder who places the holder's license or certificate on inactive status must pay the renewal fee and complete an application for renewal as prescribed in section 32-3619. A license or certificate holder on inactive status is not required to provide evidence of completion of the continuing education requirements until the application for reactivation is filed pursuant to subsection E of this section.
- Sec. 23. Section 32-3628, Arizona Revised Statutes, is amended to read:

32-3628. <u>Inactive license or certificate status during military</u> duty; reactivation application; renewal application and fee; continuing education

- A. A license or certificate holder who is ordered to active military duty with the United States armed forces may request that the license or certificate be placed on inactive status by filing with the <a href="https://documents.com/board-beartments-name="https://documents.com/board-beartments-name="https://documents.com/board-beartments-name="https://documents.com/board-beartments-name="https://documents.com/board-beartments-name="https://documents.com/board-beartments-name="https://documents-name="https
 - 1. The license or certificate holder's name.
 - 2. The license or certificate number.
 - 3. The date that the active military duty begins.
 - 4. A request for inactive status.

- 13 -

- B. The license or certificate is deemed to be on inactive status while the license or certificate holder is on active military duty but the period of inactive status may not exceed three years.
- C. A license or certificate holder who is on inactive status pursuant to this section shall not do either of the following:
- 1. Represent that the holder is an active appraiser licensed or certified in this state.
- 2. Perform real estate appraisals or appraisal reviews on real estate in this state.
- D. A license or certificate holder on inactive status must file with the $\frac{\text{board}}{\text{board}}$ DEPARTMENT an application for reactivation of the license or certificate within thirty days after returning home from active military duty.
- E. If the holder of an inactive license or certificate timely files an application for reactivation of the license or certificate, the license or certificate is returned to active status on the board's DEPARTMENT'S approval of the application for reactivation. The time period for completion of the continuing education requirements that the license or certificate holder would otherwise have been required to meet during the period when the license or certificate was on inactive status is extended for a period not to exceed one hundred eighty days after return from active military duty. The license or certificate holder must submit proof of completion of any continuing education requirements to the board DEPARTMENT no later than thirty days after completion.
- F. If the holder of an inactive license or certificate under this section does not make a timely application for reactivation as required by subsection D of this section, the holder must reapply for licensure or certification meeting all of the requirements of this chapter.
- G. A license or certificate holder who is on inactive status pursuant to this section remains on inactive status until the board DEPARTMENT approves the application for reactivation of the license or certificate.
- H. The holder of an inactive license or certificate applying for reactivation of the license or certificate under this section shall include with the application for reactivation a copy of the documentation from the armed forces showing the period of time that the holder of the inactive license or certificate was on active military duty.
- I. Any license or certificate holder who places the holder's license or certificate on inactive status under this section must pay the renewal fee prescribed in section 32-3607 and complete an application for renewal pursuant to section 32-3619. A license or certificate holder on inactive status pursuant to this section who files an application for reactivation is required to provide evidence of completion of the continuing education requirements pursuant to subsection E of this section.
- J. For the purposes of this section, active military duty does not include service persons performing weekend drill and annual training.

- 14 -

Sec. 24. Section 32-3631, Arizona Revised Statutes, is amended to read:

32-3631. <u>Disciplinary proceedings</u>

- A. The rights of an applicant or holder under a license or certificate as a state licensed or state certified appraiser may be revoked or suspended or the holder of the license or certificate may otherwise be disciplined in accordance with this chapter on any of the grounds set forth in this section. The board DEPARTMENT may investigate the actions of a state licensed or state certified appraiser and may revoke or suspend the rights of a license or certificate holder or otherwise discipline a state licensed or state certified appraiser for any of the following acts or omissions:
- 1. Procuring or attempting to procure a license or certificate pursuant to this chapter by knowingly making a false statement, submitting false information, refusing to provide complete information in response to a question in an application for a license or certificate or committing any form of fraud or misrepresentation.
- 2. Failing to meet the minimum qualifications established by this chapter.
- 3. Paying or offering to pay money or other considerations other than as provided by this chapter to any member or employee of the board DEPARTMENT to procure a license or certificate under this chapter.
- 4. A conviction, including a conviction based on a plea of guilty, of a crime which is substantially related to the qualifications, functions and duties of a person developing appraisals and communicating appraisals to others, or a conviction for any felony or any crime involving moral turpitude.
- 5. An act or omission involving dishonesty, fraud or misrepresentation with the intent to substantially benefit the license or certificate holder or another person or with the intent to substantially injure another person.
- 6. Violation of any of the standards of the development or communication of appraisals as provided in this chapter.
- 7. Negligence or incompetence in developing an appraisal, in preparing an appraisal report or in communicating an appraisal.
- 8. Wilfully disregarding or violating any of the provisions of this chapter or the rules of the $\frac{\text{board}}{\text{DEPARTMENT}}$ for the administration and enforcement of this chapter.
- 9. Accepting an appraisal assignment if the employment itself is contingent on the appraiser reporting a predetermined estimate, analysis or opinion or if the fee to be paid is contingent on the opinion, conclusion or value reached or on the consequences resulting from the appraisal assignment.
- 10. Violating the confidential nature of any records to which the appraiser gains access through employment or engagement as an appraiser.
- 11. Entry of a final civil judgment against the person on grounds of fraud, misrepresentation or deceit in the making of any appraisal.

- 15 -

- B. In a disciplinary proceeding based on a civil judgment, the state licensed or state certified appraiser shall be afforded an opportunity to present matters in mitigation and extenuation.
- C. The **board** DEPARTMENT may issue subpoenas for the attendance of witnesses and the production of books, records, documents and other evidence necessary and relevant to an investigation or hearing.
- Sec. 25. Section 32-3632, Arizona Revised Statutes, is amended to read:

32-3632. Hearing and judicial review

- A. The hearing on the charges shall be at a time and place prescribed by the $\frac{\text{board}}{\text{board}}$ DEPARTMENT and shall be in accordance with title 41, chapter 6, article 10.
- B. If the **board** DEPARTMENT determines that a state licensed or state certified appraiser is guilty of a violation of this chapter, it shall prepare a finding of fact and take disciplinary or remedial action.
- C. Except as provided in section 41-1092.08, subsection H, any final decision or order of the $\frac{\text{board}}{\text{DEPARTMENT}}$ may be appealed to the superior court pursuant to title 12, chapter 7, article 6.
- Sec. 26. Section 32-3635, Arizona Revised Statutes, is amended to read:

32-3635. Standards of practice

- A. A state licensed or state certified appraiser shall comply with the standards of professional appraisal practice adopted by the board DEPARTMENT.
- B. An appraisal or appraisal report shall not be issued by a real estate appraiser unless it meets the appraisal standards established by this chapter and rules adopted pursuant to this chapter.
- C. An appraisal review report shall clearly indicate the nature of the review process undertaken and shall separate the review function from any other functions.
 - D. All federally related appraisals shall be in writing.
- Sec. 27. Section 32-3637, Arizona Revised Statutes, is amended to read:

32-3637. Retention of records; definition

- A. A state licensed or state certified appraiser shall retain a work file for at least five years after preparation of the work file or at least two years after final disposition of any judicial proceeding in which the appraiser provided testimony related to the work file, whichever period of time is greater.
- B. A state licensed or state certified appraiser shall do either of the following:
 - 1. Have custody of the appraiser's work file.
- 2. Make appropriate work file retention, access and retrieval arrangements with the party having custody of the work file.

- 16 -

- C. The **board** DEPARTMENT may inspect all records required to be maintained under this chapter by the state licensed or state certified appraiser on reasonable notice to the appraiser.
- D. For the purposes of this section, "work file" includes documentation necessary to support an appraiser's analyses, opinions and conclusions.

Sec. 28. Section 32-3638, Arizona Revised Statutes, is amended to read:

32-3638. <u>Violation</u>; classification

Any person who performs a real estate appraisal or appraisal review, who is not licensed or certified under this chapter and who knowingly assumes or uses any title, designation or abbreviation likely to create the impression of licensure or certification by this state or any person who knowingly provides false or fraudulent information to the board DEPARTMENT is guilty of a class 1 misdemeanor.

Sec. 29. Section 32-3639, Arizona Revised Statutes, is amended to read:

32-3639. <u>Damages; injunctive relief</u>

If the board DEPARTMENT has a reasonable basis to believe, after investigation, that any person is violating any provision of this chapter, the board DEPARTMENT may bring an action in superior court for appropriate injunctive or other equitable relief, damages sustained and taxable costs and reasonable attorney fees.

Sec. 30. Section 32-3651, Arizona Revised Statutes, is amended to read:

32-3651. Definitions

In this article, unless the context otherwise requires:

- 1. "Analysis" means the review of a property valuation established by a county assessor in the representation of a person in appealing the property valuation to the county assessor.
- 2. "Appraisal" means the development of real or personal property value opinions or conclusions.
 - 3. "Board" means the state board of appraisal.
 - 3. "DEPARTMENT" MEANS THE STATE REAL ESTATE DEPARTMENT.
- 4. "Property tax agent" means an individual who is designated by a person or is an employee of an entity designated as an agent pursuant to section 42-16001, who acts on behalf of a person who owns, controls or possesses property valued by a county assessor or the department of revenue and who receives a fee for the analysis of any matter relating to the review of the valuation of the person's property before the assessor, the county or state board of equalization or the department of revenue. Property tax agent does not include a person who is admitted to practice law in this state, an employee of the person owning, controlling or possessing the property or an employee of an entity designated pursuant to section 42-16001, if such

- 17 -

employee is performing a secretarial, clerical or administrative support function.

Sec. 31. Section 32-3652, Arizona Revised Statutes, is amended to read:

32-3652. Registration: renewal: fees

- A. An individual who wishes to act as a property tax agent shall apply for registration by submitting to the board DEPARTMENT a completed application form prescribed by the board DEPARTMENT with the initial registration fee. The applicant shall also file with the board DEPARTMENT an affidavit stating whether the applicant has been convicted of a felony or any misdemeanor involving dishonesty or moral turpitude in this or any other state within the last ten years. The board DEPARTMENT may review the affidavit and issue or deny the registration based on its findings.
- B. Registration is valid for two years. An individual may renew a registration by submitting to the **board** DEPARTMENT a renewal form prescribed by the **board** DEPARTMENT with the renewal fee on or before the date the registration expires.
- C. An appraiser licensed or certified pursuant to this chapter may register and renew registration as a property tax agent without paying the fee prescribed by this section.
- D. The board DEPARTMENT shall issue a certificate of registration to an individual, if the individual complies with this section and the individual is not prohibited from registering pursuant to section 32-3654.
- E. A person shall not act as a property tax agent if the person is not registered pursuant to this section.
 - F. The board DEPARTMENT shall collect from each individual a fee of:
 - 1. Two hundred dollars for an initial registration.
 - 2. One hundred dollars for a renewal.
 - 3. Five dollars for a duplicate registration certificate.
- G. The board shall deposit, pursuant to sections 35-146 and 35-147, monies collected pursuant to subsection F of this section in the board of appraisal fund.
- Sec. 32. Section 32-3653, Arizona Revised Statutes, is amended to read:

32-3653. Property tax agent conduct

A property tax agent:

- 1. Shall not knowingly misrepresent any information or act in a fraudulent manner.
- 2. Shall not prepare documents or provide evidence in a property valuation appeal unless the agent is authorized by the property owner to do so and any required agency authorization form has been filed.
- 3. Shall not knowingly submit false or erroneous information in a property valuation appeal.

- 18 -

4. Shall use appraisal standards and methods which are adopted by the board DEPARTMENT when the agent submits appraisal information in a property valuation appeal.

Sec. 33. Section 32-3654, Arizona Revised Statutes, is amended to read:

32-3654. <u>Disciplinary actions</u>

- A. On the complaint of any person or on its own motion, the board DEPARTMENT shall investigate any suspected violation of this article by a property tax agent. If the board DEPARTMENT finds a violation it may issue a letter of concern.
- B. If the **board** DEPARTMENT finds that the property tax agent committed any of the following violations, it shall revoke or suspend the agent's registration:
 - 1. Secured registration by fraud or deceit.
- 2. Committed an act or is responsible for an omission involving fraud or knowing misrepresentation with the intent to obtain a benefit.
 - 3. Knowingly violated section 32-3653.
 - C. The board DEPARTMENT shall:
- 1. Suspend the agent's registration for not less than six months on the first finding of a violation pursuant to subsection B of this section.
- 2. Suspend the agent's registration for not less than twelve months on the second finding of a violation pursuant to subsection B of this section.
- 3. Revoke the agent's registration on a third or subsequent finding of a violation pursuant to subsection B of this section.
- D. The board DEPARTMENT shall not impose discipline until the agent has been provided an opportunity for a hearing before the board DEPARTMENT pursuant to title 41, chapter 6, article 10. The board DEPARTMENT shall notify the agent of the charges and the date and time of the hearing. The notice may be personally served or sent by certified mail to the agent's last known address. Except as provided in section 41-1092.08, subsection H, the final decision of the board DEPARTMENT is subject to judicial review pursuant to title 12, chapter 7, article 6.
- E. The **board** DEPARTMENT shall not renew an agent's registration during the time the registration is suspended or revoked.
- Sec. 34. Section 32-3655, Arizona Revised Statutes, is amended to read:

32-3655. Rules

The **board** DEPARTMENT may adopt rules for the purpose of administering this article.

Sec. 35. Section 41-1092, Arizona Revised Statutes, is amended to read:

41-1092. Definitions

In this article, unless the context otherwise requires:

1. "Administrative law judge" means an individual or an agency head, board or commission that sits as an administrative law judge, that conducts

- 19 -

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

2425

26

27

28

30

31

32

33

34

36

37

38

39

40

41

42

45

administrative hearings in a contested case or an appealable agency action and that makes decisions regarding the contested case or appealable agency action.

- 2. "Administrative law judge decision" means the findings of fact, conclusions of law and recommendations or decisions issued by an administrative law judge.
- 3. "Appealable agency action" means an action that determines the legal rights, duties or privileges of a party and that is not a contested case. Appealable agency actions do not include interim orders by self-supporting regulatory boards or rules, orders, standards or statements of policy of general application issued by an administrative agency to implement, interpret or make specific the legislation enforced or administered by it, nor does it mean or include rules concerning the internal management of the agency that do not affect private rights or interests. For the purposes of this paragraph, administrative hearing does not include a public hearing held for the purpose of receiving public comment on a proposed agency action.
- 4. "Director" means the director of the office of administrative hearings.
- 5. "Final administrative decision" means a decision by an agency that is subject to judicial review pursuant to title 12, chapter 7, article 6.
 - 6. "Office" means the office of administrative hearings.
 - 7. "Self-supporting regulatory board" means any one of the following:
 - (a) The ARIZONA state board of accountancy.
 - (b) The state board of appraisal.
 - (c) (b) The board of barbers.
 - (d) (c) The board of behavioral health examiners.
 - (e) (d) The Arizona state boxing commission.
- 29 (f) (e) The state board of chiropractic examiners.
 - (g) (f) The board of cosmetology.
 - (h) (g) The state board of dental examiners.
 - (i) (h) The state board of funeral directors and embalmers.
 - (i) The Arizona game and fish commission.
 - (k) (j) The board of homeopathic medical examiners.
- (1) (k) The Arizona medical board.
 - (m) (1) The naturopathic physicians board of medical examiners.
 - (n) (m) The state board of nursing.
 - (o) (n) The board of examiners of nursing care institution administrators and adult care home managers.
 - (p) (o) The board of occupational therapy examiners.
 - (q) (p) The state board of dispensing opticians.
 - (r) (q) The state board of optometry.
- 43 (s) (r) The Arizona board of osteopathic examiners in medicine and 44 surgery.
 - (t) (s) The Arizona peace officer standards and training board.

- 20 -

16 17

18

19

20

21

22

23

24

25

26 27

28

29

30

31

32

33

34

35

```
1
            (u) (t) The Arizona state board of pharmacy.
 2
            <del>(∨)</del> (u)
                      The board of physical therapy examiners.
 3
            \frac{(w)}{(v)} The state board of podiatry examiners.
 4
           <del>(x)</del> (w)
                     The state board for private postsecondary education.
 5
            (y) (x) The state board of psychologist examiners.
 6
            <del>(z)</del>
                 (y) The board of respiratory care examiners.
 7
            (aa) (z) The structural pest control commission.
 8
                        The state board of technical registration.
            <del>(bb)</del> (aa)
 9
            <del>(cc)</del>
                 (bb) The Arizona state veterinary medical examining board.
            <del>(dd)</del>
                  (cc) The acupuncture board of examiners.
10
11
            (ee) (dd) The Arizona regulatory board of physician assistants.
12
            (ff) (ee)
                        The board of athletic training.
13
            (gg) (ff) The board of massage therapy.
14
```

- Sec. 36. Succession; transfer of powers and authority
- A. As provided by this act, the state real estate department succeeds to the authority, powers, duties and responsibilities of the state board of appraisal.
- B. This act does not alter the effect of any actions that were taken or impair the valid obligations of the state board of appraisal before the effective date of this act.
- C. Administrative rules and orders that were adopted by the state board of appraisal continue in effect until superseded by the administrative action by the state real estate department.
- D. A11 administrative matters, contracts and judicial quasi-judicial actions, whether completed, pending or in process, of the state board of appraisal on the effective date of this act are transferred to and retain the same status with the state real estate department.
- E. All certificates, licenses, registrations, permits and other indicia of qualification and authority that were issued by the state board of appraisal retain their validity for the duration of their terms of validity as provided by law.
- F. All equipment, records, furnishings and other property, all data and investigative findings and all appropriated monies that remain unexpended and unencumbered on the effective date of this act of the state board of appraisal are transferred to the state real estate department.

- 21 -